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C O N F I D E N T I A L SECTION 01 OF 02 TBILISI 001619

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TAGS: [PREL](#) [PGOV](#) [EAID](#) [OSCE](#) [GG](#)
SUBJECT: GOOD SIGNS AND BAD AT SOUTH OSSETIA DONORS'
STEERING COMMITTEE MEETING

REF: A. TBILISI 1573

[B](#). TBILISI 1563

[C](#). TBILISI 1540

Classified By: Ambassador John F. Tefft for reasons 1.4(b)&(d).

Summary

[1](#). (C) A July 2 meeting in Tskhinvali of the Steering Committee for the donors' South Ossetia economic rehabilitation projects was marked by confrontations between the Georgian and South Ossetian sides -- including over whether the Georgian delegation would be allowed into South Ossetia for the meeting, and over proposals for inspection of the regions' contested drinking water pipeline. In between these disputes, however, the sides managed to agree to authorize contracting for the first three school reconstruction projects, and endorsed moving ahead in other areas as well. End Summary.

Difficult Entry, Difficult Exit

[2](#). (C) The meeting, which had been delayed several weeks because of Georgian concerns about a lack of information on the projects (ref C), started over two hours late, in part because South Ossetian officials initially refused to allow the Georgian delegation to enter the separatist region. South Ossetian officials explained to donor representatives during the wait that they had told the Georgians each side would be limited to two participants, but the Georgians showed up with four officials of the State Ministry of Conflict Resolution. After considerable negotiation the South Ossetians relented and allowed all four Georgians in for the meeting. Donors would later find it difficult to exit South Ossetia as well; by the time the meeting was over Georgian farmers protesting the South Ossetians' closure of an irrigation canal had blocked and partially dug up the Transcaucasian Highway just inside Georgian-controlled territory south of Tskhinvali. Donors took another route back to Tbilisi.

Impasse over Pipe Inspection

[3](#). (SBU) Although it was not an item on the meeting's agenda, the sides spent much time sparring over proposals for a joint inspection of the drinking water pipeline that runs from the separatist-controlled north, through a Georgian enclave, to Tskhinvali (ref B). The Georgians proposed that, after the

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meeting, participants travel to Java in the separatist area, and proceed from there to conduct a full inspection of the pipe, including in Georgian areas. The South Ossetians refused, insisting that an inspection begin in Kheiti, where the Georgians repaired a damaged section of pipe in early

June, and proceed elsewhere from there. No agreement was reached (ref A), and each side expressed certainty that any problems affecting water volume were caused in the other side's area. DCM noted that the donors' projects were intended to help solve problems such as this, and urged the sides to use the opportunity to improve the water network rather than arguing about where to start an inspection.

And Yet...Some Progress

14. (SBU) Despite all the difficulties, the two sides agreed to all the items OSCE had put on the meeting's official agenda, most notably authorizing OSCE to contract for the reconstruction of three schools. OSCE agreed that it would share with the sides by July 3 full documentation about all bids for the projects, with the understanding that if neither side objected by July 5 OSCE could go ahead. (OSCE confirmed to us July 6 that both sides had received the materials and neither had voiced objections.) Participants also endorsed OSCE's proposal to plan for constructing a combined clinic and school in Sveri, a modification of the originally agreed project that was only a clinic. The sides also expressed support for OSCE's approach on several water-related projects, three of which are nearing the conclusion of the bidding process, and responded positively to OSCE's suggestion of another Steering Committee meeting in the near future to focus on water issues. OSCE briefed on ongoing agricultural and business development trainings and other activities, and the Georgians expressed concerns about South Ossetian efforts to limit participation in certain activities.

Comment

15. (C) While this meeting contained more than the usual amount of confrontation between the sides, in the end it achieved everything OSCE had hoped it would, permitting the first school re-construction projects to get underway. Since

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the meeting, the Georgians have taken at least two steps designed to lower tensions: seeking agreement for an OSCE team to inspect the drinking water pipe, and proposing a meeting of the Joint Control Commission (JCC) without a set agenda (although the South Ossetians subsequently announced they could not accept the Georgians' proposed site, Tbilisi). Nevertheless, as a sudden standoff between the sides in Avnevi July 6 demonstrates, the potential for a major escalation in tensions remains.

TEFFT